

Calship

Drew Pearson Allegations

1. January 11, 1962 article

"This third hearing probed war profits rolled up by McCone and Kaiser when they were shipbuilding partners during the war, and when they parlayed an investment of \$100,000 into a profit of \$44,423,000.

2. January 12 article

"California Shipbuilding Corporation, of which McCone was president netted a \$44,000,000 profit.

3. January 25 article

"Apparently, declared Case, "it became possible for a group with which you are associated, with a basic investment of \$100,000 to make profits of over \$44 million in a space of a couple of years or less. Is that a fair statement.

Calship

Facts Re Investments and Profits

In addition to the \$100,000 originally subscribed as common stock, there was additional financing of non-interest bearing subordinated stockholders loans of \$3,300,000 and \$4,000,000 in interest bearing bank loans, for which the corporation and its stockholders were responsible. Thus a total in working funds of \$7,400,000 was provided by McCone and his associates to finance this undertaking.

Net profits over a five-year period rather than the two years referred to, after renegotiation and recapture, non-reimbursable items, and taxes were \$8,782,860, compared with the net profit of \$44 million claimed.

The net profit of \$8,782,860 was 0.89 of 1% on the \$919,000,000 value of the ships produced by Calship.

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Remarks:					
<div style="border: 1px solid black; width: 80px; height: 20px; display: inline-block;"></div> Howard Brown over at AEC pulled together some correspondence and sent over to <div style="border: 1px solid black; width: 100px; height: 20px; display: inline-block;"></div> in connection with the NS SAVANNAH. Basically, I believe we had all of this and in any event this material was not really needed at that late stage in the game. You may wish to include this with other material being retained by Mr. McCone and mention to him Howard Brown's efforts to help.					
John S. Warner					
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